

TITLE VII—TRANSPORTATION FUELS

Subtitle A—Alternative Fuel Programs

SEC. 701. USE OF ALTERNATIVE FUELS BY DUAL-FUELED VEHICLES.

Section 400AA(a)(3)(E) of the Energy Policy and Conservation Act (42 U.S.C. 6374(a)(3)(E)) is amended to read as follows:

“(E)(i) Dual fueled vehicles acquired pursuant to this section shall be operated on alternative fuels unless the Secretary determines that an agency qualifies for a waiver of such requirement for vehicles operated by the agency in a particular geographic area where—

“(I) the alternative fuel otherwise required to be used in the vehicle is not reasonably available to retail purchasers of the fuel, as certified to the Secretary by the head of the agency; or

“(II) the cost of the alternative fuel otherwise required to be used in the vehicle is unreasonably more expensive compared to gasoline, as certified to the Secretary by the head of the agency.

“(ii) The Secretary shall monitor compliance with this subparagraph by all such fleets and shall report annually to the Congress on the extent to which the requirements of this subparagraph are being achieved. The report shall include information on annual reductions achieved from the use of petroleum-based fuels and the problems, if any, encountered in acquiring alternative fuels.”.

SEC. 702. FUEL USE CREDITS.

(a) IN GENERAL.— Section 312 of the Energy Policy Act of 1992 (42 U.S.C. 13220) is amended to read as follows:

“SEC. 312. FUEL USE CREDITS.

“(a) ALLOCATION.—

“(1) The Secretary shall allocate one credit under this section to a fleet or covered person for each qualifying volume of alternative fuel or biodiesel purchased for use in a vehicle operated by the fleet.

“(2) No credits shall be allocated under this section for purchase of an alternative fuel or biodiesel that is required by Federal or State law.

“(3) A fleet or covered person seeking a credit under this section shall provide written documentation to the Secretary supporting the allocation of a credit to such fleet or covered person under this section.

“(b) USE.—At the request of a fleet or covered person allocated a credit under subsection (a), the Secretary shall, for the year in which the purchase of a qualifying volume is made, treat that purchase as the acquisition of one alternative fueled vehicle the fleet or covered person is required to acquire under this title, title IV, or title V.

“(c) TREATMENT.—A credit provided to a fleet or covered person under this section shall be considered a credit under section 508.

“(d) ISSUANCE OF RULE.—Not later than 6 months after the date of enactment of this section, the Secretary shall issue a rule establishing procedures for the implementation of this section.

“(e) DEFINITIONS.—For the purposes of this section—

“(1) the term “biodiesel” means a diesel fuel substitute produced from non-petroleum renewable resources that meets the registration requirements for

1 fuels and fuel additives established by the Environmental Protection Agency
2 under section 211 of the Clean Air Act; and

3 “(2) the term “qualifying volume” means—

4 “(A) in the case of biodiesel, when used as a component of fuel
5 containing at least 20 percent biodiesel by volume, 450 gallons, or if the
6 Secretary determines by rule that the average annual alternative fuel use in
7 light duty vehicles by fleets and covered persons exceeds 450 gallons or
8 gallon equivalents, the amount of such average annual alternative fuel use;
9 or

10 “(B) in the case of an alternative fuel, the amount of such fuel
11 determined by the Secretary to have an equivalent energy content to the
12 amount of biodiesel defined as a qualifying volume pursuant to
13 subparagraph (A).”

14 (b) TABLE OF CONTENTS AMENDMENT.—The table of contents of the Energy Policy Act
15 of 1992 is amended by adding at the end of the items relating to title III the following new item:

16 “Sec. 312. Fuel use credits.”

17 **SEC. 703. NEIGHBORHOOD ELECTRIC VEHICLES.**

18 Section 301 of the Energy Policy Act of 1992 (42 U.S.C. 13211) is amended—

19 (1) in paragraph (3), by striking “or a dual fueled vehicle” and inserting “, a dual
20 fueled vehicle, or a neighborhood electric vehicle”;

21 (2) by striking “and” at the end of paragraph (13);

22 (3) by striking the period at the end of paragraph (14) and inserting “; and”; and

23 (4) by adding at the end the following:

24 “(15) the term ‘neighborhood electric vehicle’ means a motor vehicle that
25 qualifies as both—

26 “(A) a low-speed vehicle, as such term is defined in section 571.3(b) of
27 title 49, Code of Federal Regulations; and

28 “(B) a zero-emission vehicle, as such term is defined in section
29 86.1702–99 of title 40, Code of Federal Regulations.”.

30 **SEC. 704. SUBSTANTIAL CONTRIBUTION TOWARDS NONCOVERED FLEETS.**

31 Section 507 of the Energy Policy Act of 1992 (42 U.S.C. 13258) is further amended by
32 adding at the end the following:

33 “(p) CREDIT FOR SUBSTANTIAL CONTRIBUTION TOWARDS USE OF DEDICATED VEHICLES
34 IN NONCOVERED FLEETS.—

35 “(1) DEFINITIONS.—In this subsection:

36 “(A) The term ‘medium duty vehicle’ means a dedicated vehicle that has a
37 gross vehicle weight rating of more than 8,500 pounds but not more than 14,000
38 pounds.

39 “(B) The term ‘heavy duty vehicle’ means a dedicated vehicle that has a
40 gross vehicle weight rating of more than 14,000 pounds.

41 “(C) The term ‘substantial contribution’ means not less than \$15,000 in
42 cash or in kind services, as determined by the Secretary.

43 “(2) SUBSTANTIAL CONTRIBUTION.—The Secretary shall issue a credit to a fleet
44 or covered person under this title if the fleet or person makes a substantial contribution
45 toward the acquisition and use of dedicated vehicles by a person that owns, operates,
46 leases, or otherwise controls a fleet that is not covered by this title.

1 “(3) MEDIUM OR HEAVY DUTY VEHICLE.—The Secretary shall issue 2 full credits
2 to a fleet or covered person under this title if the fleet or person acquires a medium duty
3 dedicated vehicle or a heavy duty dedicated vehicle.

4 “(4) USE OF CREDITS.—At the request of a fleet or covered person allocated a
5 credit under this subsection, the Secretary shall, for the year in which the acquisition of
6 the dedicated vehicle is made, treat that credit as the acquisition of 1 alternative fueled
7 vehicle that the fleet or covered person is required to acquire under this title.

8 “(5) LIMITATION.—Per vehicle credits acquired under this subsection shall not
9 exceed the per vehicle credits allowed under this section to a fleet for qualifying vehicles
10 in each of the weight categories (light, medium, or heavy duty).”

11 **SEC. 705. ALTERNATIVE FUEL INFRASTRUCTURE.**

12 Section 507 of the Energy Policy Act of 1992 (42 U.S.C. 13258) is further amended by
13 adding at the end the following:

14 “(q) CREDIT FOR INVESTMENT IN ALTERNATIVE FUEL INFRASTRUCTURE.—

15 “(1) DEFINITIONS.— In this subsection, the term ‘qualifying infrastructure’
16 means—

17 “(A) equipment required to refuel or recharge alternative fueled vehicles;

18 “(B) facilities or equipment required to maintain, repair, or operate
19 alternative fueled vehicles;

20 “(C) training programs, educational materials, or other activities necessary
21 to provide information regarding the operation, maintenance, or benefits
22 associated with alternative fueled vehicles; and

23 “(D) such other activities the Secretary considers to constitute an
24 appropriate expenditure in support of the operation, maintenance, or further
25 widespread adoption of or utilization of alternative fueled vehicles.

26 “(2) ISSUANCE OF CREDITS.—The Secretary shall issue a credit to a fleet or
27 covered person under this title for investment in qualifying infrastructure if the qualifying
28 infrastructure is open to the general public during regular business hours.

29 “(3) AMOUNT.—For the purposes of credits under this subsection—

30 “(A) 1 credit shall be equal to a minimum investment of \$25,000 in cash
31 or in kind services, as determined by the Secretary; and

32 “(B) except in the case of a Federal or State fleet, no part of the
33 investment may be provided by Federal or State funds.

34 “(4) USE OF CREDITS.—At the request of a fleet or covered person allocated a
35 credit under this subsection, the Secretary shall, for the year in which the investment is
36 made, treat that credit as the acquisition of 1 alternative fueled vehicle that the fleet or
37 covered person is required to acquire under this title.”.

38 **SEC. 706. REVIEW OF ALTERNATIVE FUEL PROGRAMS.**

39 (a) IN GENERAL.—Not later than 60 days after the date of enactment of this section, the
40 Secretary shall conduct a study to determine the effect that titles III, IV and V of the Energy
41 Policy Act of 1992 (42 U.S.C. 13211 et seq.) have had on the development of alternative fueled
42 vehicle technology, its availability in the market, and the cost of light duty motor vehicles that
43 are alternative fueled vehicles.

44 (b) TOPICS.—As part of such study, the Secretary shall specifically identify—

45 (1) the number of alternative fueled vehicles acquired by fleets or covered persons
46 required to acquire alternative fueled vehicles;

(2) the amount, by type, of alternative fuel actually used in alternative fueled vehicles acquired by fleets or covered persons;

(3) the amount of petroleum displaced by the use of alternative fuels in alternative fueled vehicles acquired by fleets or covered persons;

(4) the cost of compliance with vehicle acquisition requirements by fleets or covered persons; and

(5) the existence of obstacles preventing compliance with vehicle acquisition requirements and increased use of alternative fuel in alternative fueled vehicles acquired by fleets or covered persons.

(c) REPORT.—Not later than 1 year after the date of enactment of this section, the Secretary shall submit to the Congress a report that describes the results of the study conducted under this section and includes any recommendations of the Secretary for legislative or administrative changes concerning the alternative fueled vehicle requirements under titles III, IV and V of the Energy Policy Act of 1992 (42 U.S.C. 13211 et seq.). Such study shall be updated on a regular basis as deemed necessary by the Secretary.

SEC. 707. HIGH OCCUPANCY VEHICLE EXCEPTION.

Notwithstanding section 102(a)(1) of title 23, United States Code, a State may permit a vehicle with fewer than 2 occupants to operate in high occupancy vehicle lanes if such vehicle is a dedicated vehicle (as defined in section 301 of the Energy Policy Act of 1992 (42 U.S.C. 13211)).

Subtitle B—Automobile Fuel Economy

SEC. 711. AUTOMOBILE FUEL ECONOMY STANDARDS.

(a) TITLE 49 AMENDMENT.—Section 32902(f) of title 49, United States Code, is amended to read as follows:

“(f) CONSIDERATIONS.—When deciding maximum feasible average fuel economy under this section, the Secretary of Transportation shall consider the following matters:

“(1) technological feasibility;

“(2) economic practicability;

“(3) the effect of other motor vehicle standards of the Government on fuel economy;

“(4) the need of the United States to conserve energy;

“(5) the effects of fuel economy standards on motor vehicle and passenger safety;

and

“(6) the effects of compliance with average fuel economy standards on levels of employment in the United States.”.

(b) CLARIFICATION OF AUTHORITY.—Section 32902(b) of title 49, United States Code, is amended by inserting before the period at the end the following: “or such other number as the Secretary prescribes under subsection (c)”.

(c) ENVIRONMENTAL ASSESSMENT.—When issuing final regulations setting forth increased average fuel economy standards under section 32902(a)(2) of title 49, United States Code, as amended by subsection (a) of this section, the Secretary of Transportation shall also issue an environmental assessment of the effects of the increased standards on the environment under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(d) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of this section, there are authorized to be appropriated to the Secretary of Transportation \$5,000,000 for each of fiscal years 2004 through 2008.

1 **SEC. 712. DUAL-FUELED AUTOMOBILES.**

2 (a) **MANUFACTURING INCENTIVES.**—Section 32905 of title 49, United States Code, is
3 amended —

4 (1) in subsections (b) and (d), by striking “1993–2004” and inserting
5 “1993–2008”;

6 (2) in subsection (f), by striking “2001” and inserting “2005”.

7 (3) in subsection (f)(1), by striking “2004” and inserting “2008”;

8 (4) in subsection (g), by striking “September 30, 2000” and inserting “September
9 30, 2004”.

10 (b) **MAXIMUM FUEL ECONOMY INCREASE.**— Subsection (a)(1) of section 32906 of title
11 49, United States Code, is amended—

12 (1) in subparagraph (A), by striking “the model years 1993–2004” and inserting
13 “model years 1993–2008”; and

14 (2) in subparagraph (B), by striking “the model years 2005–2008” and inserting
15 “model years 2009–2012”.

16 **SEC. 713. FEDERAL FLEET FUEL ECONOMY.**

17 Section 32917 of title 49, United States Code, is amended to read as follows:

18 **“§ 32917. Standards for executive agency automobiles.**

19 “(a) **BASELINE AVERAGE FUEL ECONOMY.**—The head of each executive agency
20 shall determine, for all automobiles in the agency’s fleet of automobiles that were leased
21 or bought as a new vehicle in fiscal year 1999, the average fuel economy for such
22 automobiles. For the purposes of this section, the average fuel economy so determined
23 shall be the baseline average fuel economy for the agency’s fleet of automobiles.

24 “(b) **INCREASE OF AVERAGE FUEL ECONOMY.**—The head of an executive agency
25 shall manage the procurement of automobiles for that agency in such a manner that—

26 “(1) not later than September 30, 2004, the average fuel economy of the
27 new automobiles in the agency’s fleet of automobiles is not less than 1 mile per
28 gallon higher than the baseline average fuel economy determined under
29 subsection (a) for that fleet; and

30 “(2) not later than September 30, 2006, the average fuel economy of the
31 new automobiles in the agency’s fleet of automobiles is not less than 3 miles per
32 gallon higher than the baseline average fuel economy determined under
33 subsection (a) for that fleet.

34 “(c) **CALCULATION OF AVERAGE FUEL ECONOMY.**—Average fuel economy shall
35 be calculated for the purposes of this section in accordance with guidance which the
36 Secretary of Transportation shall prescribe for the implementation of this section.

37 “(d) **DEFINITIONS.**—In this section:

38 “(1) The term ‘automobile’ does not include any vehicle designed for
39 combat-related missions, law enforcement work, or emergency rescue work.

40 “(2) The term ‘executive agency’ has the meaning given that term in
41 section 105 of title 5.

42 “(3) The term ‘new automobile’, with respect to the fleet of automobiles
43 of an executive agency, means an automobile that is leased for at least 60
44 consecutive days or bought, by or for the agency, after September 30, 1999.”.

45 **SEC. 714. RAILROAD EFFICIENCY.**

46 (a) **ESTABLISHMENT.**—The Secretary of Energy, in cooperation with the Secretary of

1 Transportation, shall establish a public-private research partnership to develop and demonstrate
2 railroad locomotive technologies that increase fuel economy, reduce emissions, and lower costs
3 of operation. Such partnership shall involve the Federal Government, railroad carriers,
4 locomotive manufacturers and equipment suppliers, and the Association of American Railroads.

5 (b) AUTHORIZATION OF APPROPRIATIONS.— For the purposes of this section, there are
6 authorized to be appropriated to the Secretary of Energy \$25,000,000 for fiscal year 2004,
7 \$35,000,000 for fiscal year 2005, and \$50,000,000 for fiscal year 2006.

8 **SEC. 715. REDUCTION OF ENGINE IDLING IN HEAVY-DUTY VEHICLES.**

9 (a) IDENTIFICATION.—Not later than 6 months after the date of enactment of this section,
10 the Secretary of Energy, in consultation with the Secretary of Transportation and the
11 Administrator of the Environmental Protection Agency, shall commence a study to analyze the
12 potential fuel savings and emissions reductions resulting from use of idling reduction
13 technologies as they are applied to heavy-duty vehicles. Upon completion of the study, the
14 Secretary of Energy shall, by rule, certify those idling reduction technologies with the greatest
15 economic or technical feasibility and the greatest potential for fuel savings and emissions
16 reductions, and publish a list of such certified technologies in the Federal Register.

17 (b) VEHICLE WEIGHT EXEMPTION.—Section 127(a) of Title 23, United States Code, is
18 amended by adding at the end the following:

19 “In order to promote reduction of fuel use and emissions due to engine idling, the
20 maximum gross vehicle weight limit and the axle weight limit for any motor vehicle equipped
21 with an idling reduction technology certified by the U.S. Department of Energy will be increased
22 by an amount necessary to compensate for the additional weight of the idling reduction system,
23 provided that the weight increase shall be no greater than 400 pounds.”

24 (c) DEFINITIONS.—For the purposes of this section:

25 (1) The term “idling reduction technology” means a device or system of devices
26 utilized to reduce long-duration idling of a vehicle.

27 (2) The term “heavy-duty vehicle” means a vehicle that has a gross vehicle
28 weight rating greater than 8,500 pounds and is powered by a diesel engine.

29 (3) The term “long-duration idling” means the operation of a main drive engine,
30 for a period greater than 30 consecutive minutes, where the main drive engine is not
31 engaged in gear. Such term does not apply to routine stoppages associated with traffic
32 movement or congestion.